

**HSBC USA INC. (“HUSI”) &  
HSBC TRUST COMPANY (DELAWARE), N.A. (“HTCD”)  
CHARTER OF THE  
RISK COMMITTEE**

**I. Committee Purpose**

The Risk Committee (“Committee”) is appointed by the Boards of Directors (the “Boards”) of HSBC USA Inc. and HSBC Trust Company (Delaware), N.A. (together, the “Corporation”) and is responsible, on behalf of the Boards, for oversight and advice to the Boards on high level risk related matters impacting the Corporation and its subsidiaries and risk governance with respect to:

- 1) the Corporation’s risk appetite, tolerance and strategy;
- 2) systems of risk management and internal control (other than internal controls over financial reporting) to identify, measure, aggregate, control and report risks;
- 3) the management of capital levels and regulatory ratios, related targets, limits and thresholds and the composition of the Corporation’s capital;
- 4) the alignment of strategy with the Corporation’s risk appetite, as defined by the Board;
- 5) the oversight of regulatory and financial crime compliance and conduct related matters, including the oversight of the Corporation’s policies, procedures and standards as they relate to conduct and development of responsible business practices, in accordance with HSBC Group’s values and culture, and in conformance with all applicable laws, rules and regulations;
- 6) the management of the Corporations enterprise-wide fiduciary activities; and
- 7) the maintenance and development of a supportive and proactive risk management culture.

**II. Committee Composition and Meetings**

The Committee shall consist of not less than three independent, non-executive Directors. In addition, Directors who do not meet the criteria for independence may serve as non-voting members. The Board may, from time to time, appoint additional members to the Committee that it has determined to be independent. The Chairman of the Board may serve as an *Ex officio* member of the Committee, and shall be entitled to vote on any matters brought before the Committee; provided, however, that the *Ex officio* member shall not be included in the count when determining the number needed for quorum, or determining whether a quorum is present. The appointment of the Chair, who shall be an independent, non-executive Director, and all Committee members, shall be made by the Board and subject to the endorsement by the Group Nomination & Corporate Governance Committee.

The Committee shall meet with such frequency as it may consider appropriate and at such times as it may determine. It is expected that the Committee shall meet at least four times a year. If the total number of Directors on the Committee is odd, a quorum to transact business at the meeting will be a majority of the Directors. If the total number of Directors is even, a quorum will exist if one-half of the Directors are present. Each year, a schedule of matters to be considered by the Committee at its scheduled meetings will be presented to the Committee and may be amended from time to time to ensure Committee compliance with this Charter. The Secretary of the Committee shall produce minutes of all meetings and the Committee shall make regular reports to the Board on the matters set forth in this Charter. The Committee shall also provide information believed to be pertinent to the performance of responsibilities of other committees of the Board to those committees as appropriate. The Committee may invite any Director, executive, independent auditor or other person to attend any meeting(s) of the Committee as it may from time to time consider desirable to assist the Committee in the satisfaction of its responsibilities.

### **III. Committee Responsibilities**

The Committee shall have the following responsibilities, powers, direction and authorities:

1. To oversee and advise the Board on all high-level risk related matters, including both financial and non-financial risks. In providing such oversight and advice to the Board, the Committee shall oversee, inter alia (a) current and forward-looking risk exposures; (b) the Corporation's risk appetite and future risk strategy, including capital and liquidity management strategy; and (c) management of risk within the Corporation.
2. To advise the Board on risk appetite and tolerance related matters. In preparing advice to the Board on overall risk appetite and risk tolerance, the Committee shall:
  - (i) satisfy itself that risk appetite informs the Corporation's strategy and business plans;
  - (ii) receive reports, as appropriate, to satisfy itself that the Corporation's approach to the determination of its risk appetite is aligned with regulatory requirements;
  - (iii) seek such assurance as it may deem appropriate that account has been taken of the current and prospective macroeconomic and financial environment, drawing on relevant financial stability assessments published by authoritative sources;
  - (iv) review and recommend to the Board for approval, the Corporation's Risk Appetite Statement, at least annually;
  - (v) review and approve the Corporation's Individual Liquidity Adequacy Assessment Process ("ILAAP"), and, following that approval, escalate any material issues raised during the Committee's ILAAP review, as applicable;
  - (vi) review and satisfy itself that the Corporation's stress testing framework, governance and related internal controls are sufficiently robust;

- (vii) review and challenge management’s interpretation of the scenarios prescribed by regulatory authorities, including areas of judgment;
- (viii) review and challenge the results of, and supporting information for, appropriate stress and scenario testing;
- (ix) review and approve the Corporation’s final stress testing submissions to regulatory authorities;
- (x) review and recommend to the Board, for approval, the Corporation’s Internal Capital Adequacy Assessment Process (“ICAAP”), and, following that approval, escalate any material issues raised during the Committee’s ICAAP review, as appropriate.

The responsibilities set forth in items (vi)-(x) above shall be managed by the Board.

3. To oversee management’s implementation of the enterprise risk management framework. In providing such oversight, the Committee shall review and approve the framework, noting any amendments thereto, at least annually.
4. In discharging its responsibilities in regard to the Corporation’s relationship with its regulators, the Committee shall oversee: (a) compliance with any material supervisory actions taken by any state or federal regulators of the Corporation and its subsidiaries; (b) sustainability of corrective actions taken as a result of any supervisory measures; and (c) remediation of material deficiencies in compliance with laws, rules and regulations.
5. To review and advise the Board, and/or the Nominating and Governance Committee, on the Corporation’s alignment of remuneration with risk appetite.
6. To consider the risks associated with proposed material acquisitions/disposals, focusing in particular on the resulting implications for the risk appetite and tolerance of the Corporation; as requested from time to time by the Chairman of the Board.
7. To receive, review and independently challenge regular risk management reports, including the Corporation’s enterprise risk reports, which enable the Committee to:
  - (i) assess the risk profile of the Corporation and how risks arising from the Corporation's business are controlled, monitored and mitigated;
  - (ii) give explicit and dedicated focus to current and forward-looking aspects of risk exposure which may require an assessment of the Corporation's vulnerability and resiliency to previously unknown or unidentified risks;

- (iii) review, using customer satisfaction levels as a key performance indicator, the effectiveness of the Corporation's conduct framework, designed to deliver fair outcomes for customers, preserve the orderly and transparent operation of financial markets and protect the Corporation against adverse outcomes (including reputational damage) to the Corporation's financial and non-financial condition and prospects. Such review shall include within its scope: product design; suitability; sales processes and incentives; after-sale services and transparency of fees; and
  - (iv) provide such additional assurance as the Board may require, regarding the reliability of risk information submitted to it.
8. To receive regular reports from management on appropriate levels and composition of capital as well as related controls established as part of the capital management and planning process, given the Corporation's risk profile, applicable regulatory or statutory requirements, current and planned business activities, projected asset growth and target capital levels, limits and thresholds. The Committee will evaluate such reports and make recommendations to management as to any changes it deems appropriate to ensure that consolidated capital is commensurate with the level and nature of risks to which the Corporation is exposed.
  9. To receive regular reports from representatives of each of the Wholesale Credit Risk, Retail Credit Risk, and Credit Risk Review functions, to enable the Committee to oversee the Corporation's and its subsidiaries' credit quality and to assess the Corporation's major credit risk exposure and the steps management has taken to monitor and control such exposures.
  10. To receive regular reports from management that enable the Committee to assess the Corporation's exposure to market, interest rate, trading and liquidity risks, and the steps taken by management to monitor and control such exposures.
  11. To review and discuss with management the Corporation's overall operational risk profile, assess whether it remains within the limits of the Risk Appetite Statement, and the steps taken by management to monitor and control such exposures.

In this regard, the Committee shall:

- (i) review, with senior management, including the General Counsel and Chief Risk Officer, and, as appropriate, approve, guidelines and policies to govern the process for assessing and managing other risk topics, including litigation risk and reputational risk; and
- (ii) receive reports, review, and advise the Board as to the effectiveness of policies to address risks related to: (a) information technology and cyber security, including the adequacy of the Corporation's information technology and operational resiliency programs; (b) risk to customer information; and (c) significant third party outsourcing relationships.

12. To review the effectiveness of the Corporation's internal control systems (other than internal controls over financial reporting, which are within the remit of the Audit Committee) and enterprise risk management framework, and review how effectively management is embedding and maintaining an effective risk management and compliance culture and a strong internal control environment designed to foster compliance with Group and Corporation policies and regulatory compliance requirements.

In undertaking this responsibility, the Committee shall:

- (i) satisfy itself that adequate procedures are maintained for monitoring, in a sufficiently timely and accurate manner, large exposures or risk types the relevance of which may become of critical importance;
- (ii) satisfy itself that adequate procedures have been implemented to ensure compliance with Group and Corporation policies;
- (iii) consider any material findings from regulatory reviews and interactions with regulators in relation to risk governance, conduct of business, risk assessment, or management process;
- (iv) discuss internal control systems with management and satisfy itself that management has discharged its duty to maintain an effective internal control system. The Corporation's Audit Committee shall have primary responsibility specifically in relation to internal financial controls; and
- (v) review regular reports from Internal Audit, seek assurance from Internal Audit that internal control processes for risk management are adequate for the strategy determined by the Board.

13. To provide ongoing oversight on the effectiveness, sustainability and auditing of the Corporation's Financial Crime and Regulatory Compliance programs. In so-doing, the Committee shall receive regular reports from the Chief Compliance Officer, the Bank Secrecy Act/Anti-Money Laundering ("BSA/AML") Officer and other management, as appropriate. Such management reporting shall include:

- (i) quarterly, a report on key trends, metrics, risk assessments, and significant (a) second line-identified findings; (b) breaches of established thresholds against operational risk indicators; (c) events relating to Regulatory Compliance (including the Community Reinvestment Act, the Volcker Rule and swap dealer matters and unfair, abusive or deceptive acts or practices); and (d) Financial Crime Risk (including Bank Secrecy Act/Anti-Money Laundering and Office of Foreign Asset Control);
- (ii) annually the Enterprise Compliance Policy and Program, for the Committee's review and approval;

- (iii) annually a report on Fair Lending Compliance, for the Committee's review;
  - (iv) annually, for Regulatory Compliance purposes, the Enterprise Risk Assessment, for the Committee's review;
  - (v) annually, for Financial Crime Compliance purposes, the Enterprise-wide Risk Assessment, for the Committee's review;
  - (vi) annually, the BSA/AML Policy, for the Committee's review and approval;
  - (vii) at least annually, and more frequently as appropriate, programs designed to ensure the timely and accurate identification and reporting, by the Corporation and its subsidiaries, of all known or suspected violations of law or suspicious or unusual activities to law enforcement and supervisory authorities, as required by applicable suspicious activity reporting laws and regulations;
  - (viii) oversee policies and procedures on conduct of business, including those relating to competition laws and conduct in financial markets (trade execution, information exchange and management of conflict of interest).
14. To oversee fiduciary activities conducted within the Corporation and its subsidiaries, including management's exercise of fiduciary responsibilities and powers, as defined by and required under laws, rules and regulations applicable to fiduciary activities. In this regard, the Committee shall review quarterly reports from Fiduciary Compliance to include updates on fiduciary business activities.
15. To review and discuss, with the Chief Risk Officer, the composition and effectiveness of the Corporation's risk management function, to determine whether there is any scope or resource limitations that would impede the ability of independent risk management to execute its responsibilities effectively. The Committee shall seek such assurances as it may deem appropriate that the risk management function (a) is adequately resourced (taking into account the qualifications and experience of senior management of the risk management function, its training programs, budget and succession planning for key roles in the function); and (b) has appropriate standing within the Corporation, and is free from management or other constraints. The Committee shall review the annual operating plan for the risk management function and receive regular reports on progress against the plan.
16. To review and discuss, with the Chief Compliance Officer, the composition and effectiveness of the Corporation's compliance function, to determine whether there are any scope or resource limitations that would impede the ability of independent compliance management to execute its responsibilities effectively. The Committee shall seek assurances as it may deem appropriate that the compliance function is adequately resourced (taking into account qualifications and experience of the senior management of the compliance function as well as its training programs, budget, and succession planning for key roles in the function) has appropriate standing within the Corporation, and is free from management or other constraints. The

Committee shall review the annual operating plan for the Compliance function and receive a semi-annual report on the state of the Compliance function and progress under the annual operating plan and other matters relating to compliance risk and the Company's relationship with its regulators.

17. To recommend to the Board, the approval of the appointment or replacement of the Chief Risk Officer. The Committee shall review and approve the annual key objectives and performance review of the Chief Risk Officer, the Chief Compliance Officer, the Head of Credit Risk Review and the Chief Compliance Officer of the Swap-Dealer..
18. The Committee shall seek such assurance, as it may deem appropriate that (a) the Chief Risk Officer; and (b) the Chief Compliance Officer:
  - (i) participates in the risk management and oversight process, at the highest level, on an enterprise-wide basis;
  - (ii) are satisfied that risk originators in the businesses understand and are aligned with the Corporation's risk appetite;
  - (iii) are independent of individual business units;
  - (iv) report to the Committee, and have internal functional reporting lines to the Group Chief Risk Officer and Chief Compliance Officer respectively;
  - (v) cannot be removed from office, without the prior agreement of the Board; and
  - (vi) have unfettered access to the Chairman of the Committee, as needed.
19. To oversee the ongoing development of a robust and sustainable (a) risk management; and (b) compliance, culture, including the execution of initiatives to instill a culture in which:
  - (i) risk is proactively identified and managed within local businesses and operations;
  - (ii) there is strong emphasis on accountability and strict compliance with both the spirit and letter of laws and regulations, in addition to local as well as applicable HSBC Group-wide policies and procedures;
  - (iii) the respective responsibilities of local businesses and operations; the control functions; and Internal Audit are fully understood and respected; and
  - (iv) regular and appropriate risk and compliance management training of all staff is conducted.
20. To review any issue arising from: (a) the independent auditor's annual report on the progress of the external audit; (b) any queries raised to management by the independent auditor; or (c) the independent auditor's observations of the Corporation's (i) regulatory standing and

compliance; or (ii) general competitive standing, in each case, requiring a timely response to be provided by management on material issues relating to the management of risk or internal control (other than internal controls over financial reporting) that has been referred to the Committee by the Corporation's Audit Committee, or as this Committee shall consider appropriate.

21. To: (a) review and approve, at least annually, the US Code of Conduct; and (b) review, at least annually, the Terms of Reference of the Risk Management Meeting, Asset Liability Committee and Fiduciary Risk Management Meeting; and (c) from time to time, as the Committee deems appropriate or necessary, review minutes of the management meetings and/or such further information from these meetings as the Committee may request.
22. To provide the Board with such additional assurance as it may reasonably require regarding the effectiveness of the Corporation's risk and compliance management functions.
23. To perform any other duties or responsibilities expressly delegated to the Committee by the Board, from time to time, and undertake or consider on behalf of the Chairman or the Board such other related tasks or topics as the Chairman or the Board may request.
24. Each of the following shall be provided the opportunity to meet with the Committee, in executive session, at least twice a year with each of (a) the Chief Risk Officer; (b) the Head of Internal Audit; (c) the Chief Compliance Officer; and (d) the independent auditor, in each case to ensure that there are no unresolved issues or concerns to be considered by the Committee.
25. The Committee shall meet, in executive session, with the Head of Credit Risk Review, at least once each year, to ensure that there are no unresolved issues or concerns and to review the adequacy and effectiveness of the Corporation's Credit Risk Review function. The Committee shall seek such assurances as it may deem appropriate that the Credit Risk Review function (a) is adequately resourced; (b) has appropriate standing within the Corporation, (c) is independent of individual business units and other functions. The Committee shall further seek assurances that the qualifications and experience of the senior management of the function and the training programs, budgets and succession planning for key roles in the function, remain appropriate.
26. Where applicable, with regard to any subsidiary companies' non-executive risk committee, the Committee shall: (a) endorse the members for appointment to those committees; (b) review the composition, powers, duties and responsibilities of those committees; (c) oversee the implementation of mechanisms to facilitate the communication and escalation from such subsidiary companies' committees of matters for the Committee's attention, including seeking documentation, certifications or assurances such as copies of minutes, periodic certifications, confirmation of adopting best practice, and other forms of sharing information; (d) foster interconnectivity and common governance principles and; (e) discuss such matters as the Committee deems appropriate with the chair or other members of such committees. The Risk Committee shall also review the charters of those committees and approve material deviations from such core terms.



27. To engage in an annual self-assessment in support of continuing improvement; to review and reassess the adequacy of this Charter at least annually and recommend any proposed changes to the Board for approval; and to report annually to the Board as to how the Committee has discharged its responsibilities and recommend any actions needed to resolve any concerns or make improvements.
28. To provide a quarterly report to the Group Risk Committee, in the form and manner required by the Group Risk Committee; to take action, provide documentation and provide assurance as requested by the Group Risk Committee including: providing copies of minutes, adopting best practices, sharing information, and interacting with the Group Risk Committee and/or its chair as appropriate.
29. Where applicable, to review and endorse the content of the risk committee report, risk disclosures, or statements, contained in the annual Form 10-K filed with the U.S. Securities and Exchange Commission by the Corporation or its subsidiaries, relating to internal controls (other than internal controls over financial reporting), including the assessment of principal risks facing the Corporation or its subsidiaries.
30. To provide a forward-looking perspective to the Board, on financial crime risk, including but not limited to, oversight of matters relating to:
  - (i) financial crime risk and financial system abuse, anti-money laundering, sanctions, terrorist financing and proliferation financing;
  - (ii) anti-bribery and corruption controls; and
  - (iii) the Corporation's potential exposure to financial crime and systems abuse.

The Committee may consider any matter relating to, and may request any information as it considers appropriate from, any audit committee, risk committee or other committee which has responsibility for the oversight of risk within the Corporation.

Material deviations from the Group Core Terms of Reference shall require the endorsement from the Group Risk Committee.

In its discretion, the Committee may retain special counsel, advisors, experts, or consultants to consider, from time to time, any other matters which the Committee believes are required of it in accordance with its responsibilities. In its discretion, the Committee may obtain such professional external advice as it shall deem appropriate to take account of relevant risk experience outside the Corporation and challenge its analysis and assessment. Any such appointment shall be made through the Corporate Secretary, who shall be responsible, on behalf of the Committee, for the contractual arrangements and payment of fees by the Corporation.

Where there is a perceived overlap of responsibilities between the Committee and the Board or other Board Committee, the respective Chairs shall have the discretion to agree the most appropriate forum

to satisfy such obligation. Any obligation under this Charter will be deemed by the Board to have been fulfilled, provided it is dealt with by the Committee, the Board, or any other Board Committee.

Where the Committee's monitoring and review activities reveal cause for concern, or scope for improvement, the Committee shall recommend to the Board, actions needed to address such concern or to make improvements, and shall report the same to the Group Risk Committee and/or Group Audit Committee, or to any risk and/or audit committee of an intermediate holding company, as appropriate.

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct the evaluation of risk. This is the responsibility of management, in particular, the Risk Management function. Additionally, it is not the duty of the Committee to conduct investigations, or to otherwise ensure compliance with laws, regulations or codes of ethics applicable to the Corporation and its subsidiaries.

10/23/2023